Chapter V.

Industrial Development In Garhwal

An Appraisal Of Schemes

Chapter 5 marks the beginning of discussion on the actual issue of industrial development in the Garhwal Mandal. This chapter is devoted to an agencywise appraisal of schemes operational in the Garhwal Mandal.

The Government of Uttar Pradesh fully realizes the significance of eliminating regional disparity in the level of industrial development in different regions of the State. The five hill Districts of Garhwal are among the identified backward Districts of Uttar Pradesh. A number of special schemes have been launched in Garhwal to encourage the establishment of new industries together with sustaining the operation of existing units in this area. The responsibility for administering and coordinating industrial development within the State of Uttar Pradesh lies with the Directorate of Industries located at Kanpur. However, different departments exercise control over different facets of industrial policy and the responsibility of the Directorate is not absolute or watertight. Therefore, implementation of industrial policy is shared among industrial corporations such as the Uttar Pradesh Vitteey Nigam, Hathkargha Vikas Nigam, Pradesheey Industrial Investment Corporation of Uttar Pradesh or P.I.C.U.P., Khadi And Village Industries Board, Commercial Banks Directorate Of Tourism, etc. These agencies float their own

schemes. For Example, the policy of the Uttar Pradesh Khadi Gramodyog Board is not decided by the Directorate of Industries. Instead, it is governed by the Khadi And Village Industries Commission located at Bombay and its policy is same for the whole of India.

Directorate Of Industries

The Directorate Of Industries offers a large number of schemes for the industrial development of the Garhwal region. The responsibility for administering such schemes at the Division level (or the Mandal level) lies with the Director of Industries posted at Pauri. At the District level, these schemes are looked after by the District Industries Centers.

I. Large And Medium Industries:

(A) Incentives To Pioneer Industries: This scheme was started on the 1st of April 1990 till 31st March 1995 to encourage the establishment of industries in those Blocks and Tahseels where no industries were located prior to 1990. The title of Block Pioneer Industry was assigned to the first 3 industries to be established in a Block between 1st April 1990 and 31st March 1995 with a fixed capital investment of rs.10 Lakhs or more. A Tahseel level Pioneer Industry is the first industry to be established in a Tahseel between the said period with a fixed capital investment of rs.5 Crores or more. A Prestige unit is a unit which is established in a District under the same criteria but with a fixed capital investment of rs.25 Crores or more. Under this scheme, a Block level Pioneer Unit is entitled to receive a State Government subsidy of 5 percent of
fixed capital investment or a maximum subsidy of Rs. 5 Lakhs. A Tahseel level pioneer unit is entitled to get a subsidy of 10 Lakh Rupees. A prestige unit is entitled to a subsidy of 15 Lakh rupees. If a pioneer or a prestige unit purchases its parts and components from an ancillary unit established during the same period, an additional subsidy of an equal amount shall be payable to such prestige or pioneer unit.  

(B) Sales Tax exemption: This scheme was also applicable to units established during 1990 and 1995. Under this exemption scheme, any medium or large scale industry was exempted from the payment of Sales Tax up to 150 percent of fixed capital investment or for a maximum period of 10 years whichever is earlier. In case of Small Industries, products up to 175 percent of fixed capital investment or for a maximum period of 10 years whichever is earlier, shall be exempt from the payment of sales tax. This facility shall also be extended for diversification, modernization and expansion.

Table 5.1
Units Receiving Sales Tax Exemption

<table>
<thead>
<tr>
<th>District</th>
<th>1992-93</th>
<th>1993-94</th>
<th>1994-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dehradun</td>
<td>2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Tehri</td>
<td>--</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Garhwal</td>
<td>2</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Mandal</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: figures obtained from local District Industries Centers.

2. Ibid. p.1.
With minor modifications, sales tax exemptions has been extended for a further period of 5 years till the year 2000.

(c) Star Category Scheme: A unit is awarded with a Star Category Certificate on the basis of its recent performance. Such a unit is entitled to receive the following facilities on priority:

1. Such units will be freed from the peak hour provision of Electricity Board.
2. Priority in the allotment of shades in industrial estates of U.P.S.I.D.C.
3. Priority in grant of additional loans by State financial institutions.
4. Auditing of accounts for assessing sales tax will be made once in 5 years at random.

2. Small Scale Industries:

(A) Technical Consultancy Cell: The Directorate of Industries realizes that a small scale entrepreneur can not hire private technical consultancy services due to severe financial restrictions. Therefore, a technical consultancy cell has been provided in each District Industries Center to provide free of cost technical assistance to the small entrepreneur. At the D.I.C. level, each technical consultancy cell consists of a project manager, a chief technical officer and several technical personnel to provide consultancy within their investment constraints. The major objectives of this cell are the following:

3. Ibid. p. 6.
1. Assisting the entrepreneur in selecting a suitable industry by providing specialized knowledge about its potential in a given district and after assessing the personal capability of the entrepreneur.

2. Providing specialized knowledge of machinery, raw material, requirement of workers, production process, investment requirement etc and assisting in the preparation of project reports that are essential for obtaining loans before the establishment of a unit.

3. Provides information about the manufacturers of machinery required for a project, the names and addresses of raw material suppliers.

4. This cell maintains cardfiles and a collection of previously prepared project reports so that they may be provided to a future entrepreneur.


(B) Raw Material: The objective of this facility is twofold. Firstly, it seeks to ensure the availability of raw material to registered small industries on Government-controlled or subsidized rates. Secondly, it seeks to provide raw material on time so as to ascertain the smooth and continuous functioning of a unit. However, this facility can only cover raw material that come under the category of Government Controlled pricing and may be supplied by Government agencies within Uttar Pradesh. Alternatively, this scheme covers products that may be subsidized by relaxing import duties. Items covered by the scheme include
Spirit, Iron Ore, Steel, Paraffin Wax, Coal, Cement, Komalkashth And Leesa, Aluminum, Lubricants, Grease, L.P.G. Gas, Furnace Oil etc. Distribution of raw material is made according to the processes laid down in advance. The unit interested in obtaining raw material under this scheme must submit an application with the General Manager, District Industries Center. Since the distribution of raw material is pegged to the production capacity of a unit, the General Manager conducts an appraisal and forwards his observations to the Directorate of Industries. The Directorate then contacts the concerned supplier for the distribution of the required material. For example, the distribution of Alcohol and Cellulose will be made by the Abkari Commissioner of Uttar Pradesh. Distribution of Oils and L.P.G. Gas is made through the Indian Oil Corporation and so on. The procedure is so cumbersome that the unit prefers to buy the urgently needed material from the market.

(C) Industrial Estates: This program was initiated during the second five year plan with the objective of moving industrial units from densely industrialized areas to remote and backward areas and to establish ancillary units near main industries. Under this program, the entrepreneur is provided with a constructed shed on his plot together with basic necessities like an industrial feeder line, water supply, drainage, communication. Industrial estates have been established in almost all the districts of the state. The position regarding the establishment of industrial estates in Garhwal Mandal is as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Estates</th>
<th>Sheds</th>
<th>Plots</th>
<th>Workers</th>
<th>Production (Thousand Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kashi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tehri</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dehradun</td>
<td>2</td>
<td>26</td>
<td>30</td>
<td>325</td>
<td>100000</td>
</tr>
<tr>
<td>Pauri</td>
<td>3</td>
<td>8</td>
<td>24</td>
<td>98</td>
<td>900000</td>
</tr>
<tr>
<td>Garhwal Mandal</td>
<td>5</td>
<td>34</td>
<td>56</td>
<td>423</td>
<td>19000</td>
</tr>
</tbody>
</table>

Source: Sankhyakyari Patrika Garhwal Mandal. p.106.
## (1990-91)

<table>
<thead>
<tr>
<th>Distr.</th>
<th>Estates</th>
<th>Sheds</th>
<th>Plots</th>
<th>Workers</th>
<th>Production (Thousand Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Kashi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chamoli</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tehri</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pauri</td>
<td>3</td>
<td>8</td>
<td>26</td>
<td>100</td>
<td>8000</td>
</tr>
<tr>
<td>Dehradun</td>
<td>2</td>
<td>26</td>
<td>30</td>
<td>504</td>
<td>17500</td>
</tr>
<tr>
<td>Garhwal Mandal</td>
<td>5</td>
<td>34</td>
<td>56</td>
<td>602</td>
<td>23500</td>
</tr>
</tbody>
</table>

### Table: Distr, Estates, Sheds, Plots, Workers, Production

<table>
<thead>
<tr>
<th>Distr</th>
<th>Estates</th>
<th>Sheds</th>
<th>Plots</th>
<th>Workers</th>
<th>Production (Thousand Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Kashi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chamoli</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Tehri</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Pauri</td>
<td>3</td>
<td>8</td>
<td>26</td>
<td>100</td>
<td>8000</td>
</tr>
<tr>
<td>Dehradun</td>
<td>2</td>
<td>26</td>
<td>30</td>
<td>400</td>
<td>12500</td>
</tr>
<tr>
<td>Garhwal Mandal</td>
<td>5</td>
<td>34</td>
<td>56</td>
<td>500</td>
<td>20500</td>
</tr>
</tbody>
</table>


Apart from these industrial estates, a number of designated industrial areas have been created in each district of Garhwal Mandal. For example, Gopeswar in Chamoli, Sahaspur, Mahobe Wala, Langa Road, in Dehradun, Kotdwara in Pauri, Narendra Nagar in Tehri and Srinagar in Pauri etc. A large number of plots are available for the entrepreneur in these industrial areas too. It can be said clearly that there is no shortage of plots for establishing industry in Garhwal. Unlike agriculture, industrialization does not require a huge quantity of cultivable land.

(D) Development Centers: This program was initiated by the
Union Government in 1988. Out of the 100 Development centers set up throughout India, 8 were given to Uttar Pradesh. One of these development centers is also established in Shivrajpur, Padampur (District Pauri Garhwal)

(E) District Industries Center Program:
The D.I.C. Program was launched on the 1st May 1978 by the Janata Party Government. Its primary objective was to encourage the establishment of small and cottage industries in hitherto undeveloped small urban centers and villages. The Industrial Policy Statement of 1977 clearly asserted that 'the emphasis on industrial policy so far has been mainly on large industries neglecting cottage industries completely, relegating small industries to a minor role. ... the main thrust of the new industrial policy of 1977 will be on effective promotion of cottage and small industries widely dispersed in rural areas and small towns. It is the policy of the Government that whatever can be produced small and cottage industries must only be so produced.' The small industries sector was further classified into 3 main categories.

1. Household and cottage industries providing self employment on a large scale.

2. Tiny sector with investment in plant and machinery of up to rs.1 Lakh and located in towns with a population of not more than 50 thousand.

3. Small scale industries with investment of up to 10 Lakhs (15 Lakh in fixed capital in case of ancillary industries).

It was with a view to develop these 3 sectors simultaneously that the Government took some concrete measures. The list of items reserved for the small industries sectors was broadened to include 807 items instead of the previous 180. The Khadi And Village Industries Commission was instructed to encourage the production of footwear, soap and polyester Khadi. The Khadi And Village Industries Act was amended to gear the Khadi Commission for the new policy. The District Industries Center was set up in each District to serve as a focal point of development of small, cottage and tiny industry. 6

Prior to the setting up of the D.I.C. a large number of agencies worked independently at the district, State or National level functioning under independent administrative structures. These agencies often worked at crosspurposes with no contact with each other. 7 The small entrepreneur was very much confused between this web of agencies. The District Industries Office existing before 1978 was a weak administrative agency with little control over agencies dealing with different facets of industrial development. Therefore, it was found necessary to weave all the functions for the development of small, village and cottage industries under a single institutional framework at the district level with sufficient powers. 7

The administrative set up, functions and objectives of the District Industries Center varies from State to State slightly. The Uttar Pradesh Directorate of Industries defines its...

6. Ibid.

objectives as below:

1. To promote the establishment of small and village industries thereby generating more employment opportunities for the people and to speed up the process of rural industrialization.

2. To provide all the necessary knowledge and facilities for the setting up of small industries to prospective entrepreneurs.

3. To create infrastructure, technical consultancy, entrepreneurship development and market survey for the setting of industries.

4. To form a District level committee under the chairmanship of the District Collector for providing assistance, permissions to the small entrepreneur.8

The District Industries Center in Uttar Pradesh consists of about 40 employees headed by a General Manager and assisted by a Manager Marketing, Project Manager, Manager Credit. An Assistant Manager is also appointed to provide Knowledge of industrialization at the Tahseel and Block level. This is a field job. In order to promote the industrial policy of the Government and encourage industrialization at the village level and in rural areas, a Assistant Development Officer (Industries, Services and is appointed in each block of each District. Recently, a proposal for revamping the Structure of the District Industries Center has been discussed in the Government. According to this proposal, the strength of staff in the D.I.C. will be reduced to about 18-20 people or even less in some districts. This is an effort to

reduce the cost of maintaining and sustaining a District Industries Center. However, this proposal has not yet been approved.

**Schemes Implemented By D.I.C. in Garhwal Mandal**

The district industries Centers in the Garhwal Mandal are entrusted with the responsibility of implementing the following schemes:

1. **Entrepreneurship Development Programs (E.D.P.):** The District Industries Centers organize Entrepreneurship Development Programs to identify suitable entrepreneurs as well as viable enterprises in Garhwal Mandal. E.D.ps are organized in conjunction with the Financial Institutions and Small Industry Service Institutes. The D.I.C. also conducts Skill Development Courses in conjunction with the Industrial Training Institutes (I.T.I.) and Polytechnic at the Block, Tahseel and District levels. Generally, such courses are of short-term duration lasting between one to six weeks at the maximum. A total of 24 I.T.Is and 7 Polytechnic are operational in the five Districts of Garhwal Mandal. A technical officer is also appointed at the District Industries Center to assist in selecting suitable industrial enterprises and to assist in preparing project reports. However, the D.I.C. is not the only agency to conduct such courses. The Jila Kukkut Vibhag for example, runs a four week course imparting training in poultry farming for which enrollment is made in Garhwal Districts but the training is imparted at Lucknow. Similarly, the District Rural Development Agency (D.R.D.A.) runs separate courses at the block level.
During the course of this research it was found awareness about such courses was lacking. There is an urgent need to advertise and publicize such courses especially in the rural areas and among the womenfolk. I was informed by some trainees that they came to know about these courses from their friends rather than from the D.I.C. directly. In fact the D.I.C. did not even exist for most people. One reason for this is that the D.I.C. targets a relatively higher income group in comparison to the D.R.D.A and other Departments. Another reason for this is the distant location of District Industries Centers. For example the D.I.C. for Pauri Garhwal is located at Kotdwar leaving the rest of the District alone. Kotdwar is highly developed in comparison with other parts of Pauri Garhwal. Similarly, the D.I.C. for Tehri is located at Narendra Nagar. It would be a good idea to publicize these courses through the aegis of the Village Panchayat and target women as the most important group. Furthermore, these courses do not prepare the candidates properly for self-employment techniques. Most of the trainees with whom I conversed expressed a strong desire to find a job after training thus defeating the very purpose of such courses. Therefore, such courses must be efficiently coordinated with the overall self-employment policy of the Government. For example, a person trained in refrigeration can not be expected to go in for self-employment. In all probability, he would be employed as a mechanic with a fridge dealer. During 1992-93 a sum of 8 Lakh Rupees was allocated to train 3800 people against which a total of 4543 people were trained with an expenditure of 7.80 Lakh rupees. During 1993-94, a sum of 8 Lakh Rupees was allocated for
benefiting 3800 persons against which 5004 people were benefited.  

2. Registration Of Industries: Registration with the District Industries Center is essential for every Industrial Unit in order to obtain the benefits extended by the Government to units located in backward areas. Registration is of two types. Firstly, proposed units are enrolled temporarily for a period of five years within which it must be made operational. Otherwise, enrollment status may be withdrawn. During this period of temporary enrollment, the unit is entitled to receive benefits necessary for its operationalization such as land, loan, machinery on hire purchase etc. Secondly, those units which have become operational are registered permanently. This entitles the unit for benefits of sales tax exemption, excise exemption etc. The facility of registration is extended in a likewise manner to small industries, Khadi and Village Industries and Handicraft units.

3. Program For Modernization and improvement in Production and Quality: The District Industries Center offers the following incentives realizing the significance of modernization and improvement in the quality of production in sustaining an industrial unit.

(A) A grant of Rupees 10 thousand per unit is payable for research and development.

(B) A subsidy of 15 Percent per unit is payable on capital investment in Machinery and Equipment purchased for modernization.

9. ibid. p. 48
and improvement in quality of production.

4. Transport Subsidy: Under this scheme, 75 percent of the expenditure incurred by any industrial unit on the transportation of raw material and finished goods from the location of the factory to the nearest Railhead and Vice Versa shall be reimbursed through the District Industries Center. This facility is available to a unit until 5 years from commencement of production. Transport subsidy is granted in accordance with the rates previously approved by the Department of Transport. A provision of 150 Lakh Rupees was made in 1992-93 and 1993-94. 140 units were provided with transport subsidy using the full amount allocated. 10

5. Provision Of Raw Material:
This program has already been discussed above. This is a program administered by the Uttar Pradesh Directorate of Industries which is implemented at the District level by the D.I.C.

6. Marketing Facilities: Under this facility, Small Scale Units are registered with the Uttar Pradesh Small Industries Corporation, Department of Store Purchase, Directorate General of S&D and N.M.I.C.D. These departments then offer the following marketing facilities to registered units.

(A) Registered Small Scale Units are given a priority of 15 percent in prices over medium and large units manufacturing the same products.

(B) Small Industries located within the State of Uttar Pradesh are given a priority of 5 percent in prices against such units registered in other States.

10. Ibid. p.48.
(C) Tender Forms for Government Bids are made available to such units free of cost.

(D) Finally, Units registered with the D.G.S&D may also participate in Central Government bids.

7. Industrial Co-operative Societies: Industrial Co-operative Societies registered with the District Industries Center are offered the following facilities. Members of such societies are granted Margin Money Loans at the rate of 75 percent of investment. Such loans are repayable in 10 equal installments at 10 percent interest rate. These societies are also eligible for a grant of 25 percent on investment incurred in the construction of workshops and Godowns. Projects prepared by Industrial Co-operative Societies are generally financed by the District Co-operative Bank. The State Government in turn refines a portion of the interest rate charged by the District Co-operative Bank. This grant is made directly to the District Co-operative Bank as an incentive for continuously financing such schemes. Finally, secretaries of Industrial Co-operative Societies are provided training at Kanpur and Lucknow.

8. State Capital Subsidy: State Capital Subsidy is applicable to units established during the five years commencing from 1st April 1990 and ending with 31st March 1995. Under this scheme, a unit is entitled to receive 20 percent of invested capital in plant and machinery as subsidy from the Uttar Pradesh Government in accordance with the following criteria. Firstly, the total expenditure on plant and machinery should not exceed Rupees 5 Crores and should not fall below Rupees 5 Lakhs. Secondly, this subsidy was to be provided to units in eleven
shortlisted industrial sectors. These are: Food Processing, Agriculture, Petrochemicals and Chemicals Industry, Leather Industry, Electronics, Sports Goods, Glass And Ceramics, Foundry, Textiles, Drugs, Pharmaceutical and Engineering. There was no subsidy for units exceeding the limit of 5 Crore Rupees of expenditure on Plant And Machinery. This scheme was applicable in identified Industrial Areas only. Finally, regarding some identified Tribal Blocks such as Chakrata and Kalsi, the criteria was somewhat relaxed. In these blocks, units with a total expenditure on plant and machinery not exceeding Rupees 5 Lakhs were entitled to receive the State Capital Subsidy of 30 percent of this expenditure. Therefore, in case of units in Tribal blocks the rate of subsidization was higher by 10 percent as compared with units in nontribal blocks. This scheme was applicable only with respect to units being effectively established during 1st April 1990 and 31st March 1995.

9. Special Subsidy For Export Oriented Units: This scheme was applicable to units being effectively set-up during 1st April 1990 and 31st March 1995. Under this scheme, a subsidy of 10 percent of investment on Fixed Capital was awarded to hundred percent export oriented units being set-up in Garhwal. However, the maximum subsidy that could be awarded was fixed at 10 Lakh Rupees.

10. Special Subsidy To Entrepreneurs Belonging To scheduled Casts, Scheduled Tribes, Women and Ex-Servicemen: This subsidy was granted by the State Government to units being setup during 1st April 1990 and 31st March 1995 by Entrepreneurs belonging to the abovementioned categories. Five percent of total value of
fixed capital was awarded as subsidy under this scheme. The maximum limit was fixed at Rupees one Lakhs.

11. Special Subsidy To Pioneering Industries: Applicable during 1-4-1990 and 31-3-1995, this scheme was envisaged by the Uttar Pradesh Government as a novel scheme to provide a major thrust to pioneering industries at the Tahseel level. Any unit with a fixed capital investment of five Crore Rupees or above was entitled to receive a flat Subsidy of 10 Lakh Rupees. A unit that fulfills 30 percent of its requirement of material from an ancillary unit located within that area was entitled to receive another 10 Lakh Rupees as special subsidy. This subsidy was applicable only in those Tahseels which did not possess any operational Units with a total capital investment of 5-9 Crore Rupees. It was necessary that the unit chosen for this subsidy must be the first unit of such magnitude in that Tahseel.

12. Sales Tax Exemption: This scheme has already been discussed above.

13. Concessions in Power Supply: Any unit equipped with an independent power feeder shall be kept free from Load Shedding for a period of 5 years from commencement of production. Such a unit shall also be exempt from the Minimum Demand Load for 5 years and for the first two years a construction load shall be permitted automatically. Any unit located more than 2000 Feet Above Seal Level and has a capacity load of 75 Kwh shall be granted a 33 Percent rebate on the total expenditure incurred on the payment of electricity bills.
(F) D.I.C. Margin Money Loan plan: Initiated in 1982, this scheme is financed jointly by the State and the Central Government. The ratio of participation is 50 percent each. This plan is applicable to those Districts whose population is 1 Lakh according to the Census of 1971 and will be applied to all those units whose total investment on plant and machinery is less than 2 Lakhs. A subsidy of 40000 or 20 percent of total investment on fixed capital, 3 months working capital whichever is less shall be payable to entrepreneurs of general category. For Scheduled Cast and Tribe entrepreneurs, this percentage shall be 30 percent. Repayment of margin money loan shall be made 8 years after the payment of loan with interest. A provision of Rupees 8 Lakhs was made under this plan in 1992-93 against which a sum of rs.7.54 Lakhs was utilized for the benefit of 50 persons. For 1993-94, a sum of 16 Lakh Rupees was provided for the benefit of 61 units. However, the Government did not approve of the expenditure hence no progress could be made.\textsuperscript{11}

Establishment of Small Industries In Garhwal Mandal

Data obtained from the District Industries Centers across Garhwal regarding the establishment of units in 1994-95 reveals a decline in the number of registered units over the years. During the year 1992-93 492 units were registered with the District Industries Center, Dehradun. This figure increased to 498 during the year 1993-94 but there was a steep decline thereafter. During 1994-95, the number of registered units came

down to a mere 88 units.\textsuperscript{12} Similarly, 226 units were registered with the District Industries Center of Tehri Garhwal during 1992-93. This figure rose to 235 during 1993-94. However, during 1994-95 this figure fell back to a mere 76 units.\textsuperscript{13} The following tables show the establishment of small industrial units in the Garhwal Mandal since 1990-91. These tables will clearly indicate the trend of decline in the number of newly established units.

Table 5.3

Establishment Of Small Industrial Units In Garhwal Mandal
(1990-91)

<table>
<thead>
<tr>
<th>District</th>
<th>Units</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Kashi</td>
<td>1128</td>
<td>4153</td>
</tr>
<tr>
<td>Pauri</td>
<td>1513</td>
<td>6958</td>
</tr>
<tr>
<td>Chamoli</td>
<td>1402</td>
<td>3714</td>
</tr>
<tr>
<td>Tehri</td>
<td>100</td>
<td>730</td>
</tr>
<tr>
<td>Dehradun</td>
<td>483</td>
<td>1540</td>
</tr>
<tr>
<td>Garhwal Mandal</td>
<td>4,626</td>
<td>17,095</td>
</tr>
</tbody>
</table>


\textsuperscript{12} Data has been provided by the District Industries Center Dehradun.

\textsuperscript{13} Data has been provided by the District Industries Center Tehri Garhwal.
## Table 5.4
Establishment Of Small Industrial Units In Garhwal Mandal
Including Dastkari Units
((1993-94)
(Rupees In Lakhs)

<table>
<thead>
<tr>
<th>District</th>
<th>Units Target</th>
<th>Units Achieved</th>
<th>Employment Generation</th>
<th>Investment</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dehradun</td>
<td>690</td>
<td>704</td>
<td>1396</td>
<td>112.85</td>
<td>229.15</td>
</tr>
<tr>
<td>Pauri</td>
<td>770</td>
<td>797</td>
<td>1143</td>
<td>187.62</td>
<td>447.25</td>
</tr>
<tr>
<td>Tehri</td>
<td>435</td>
<td>435</td>
<td>876</td>
<td>234.95</td>
<td>68.99</td>
</tr>
<tr>
<td>Chamoli</td>
<td>415</td>
<td>419</td>
<td>684</td>
<td>115.74</td>
<td>20.18</td>
</tr>
<tr>
<td>Uttar Kashi</td>
<td>400</td>
<td>412</td>
<td>671</td>
<td>61.46</td>
<td>15.62</td>
</tr>
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<td>Mandal</td>
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Source: Uttar Pradesh Me Odyogik Vikas Pragati Sameeksha 1994-95 p.158.
<table>
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<tr>
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<th>Target</th>
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</tr>
</tbody>
</table>

Source: Uttar Pradesh Me Odyogik Vikas Pragati Sameeksha 1994-95 p.158.

The Tables above reveals that while the number of established and working small scale units in the Garhwal Mandal as a whole was 4626 in 1990-91, it decreased to 2767 units in 1993-94. In the year 1994-95, there was a further decline and the number of units fell to 254 units. It will be seen from the Tables above, that even the target for the year 1994-95 was reduced to 1670 units only. This decline may be attributed largely to the withdrawal of those financial incentives and subsidy schemes that were most...
attractive for the entrepreneur. In fact, these withdrawn schemes were the only attractions for an entrepreneur to establish industries in this hilly region. As soon as the entrepreneur was asked to compete on normal terms, Garhwal lost its attraction for them. The following incentives or subsidy schemes have been withdrawn with effect from 31st March 1995.

(A) State Capital Subsidy:

(B) Special Subsidy For Export Oriented Units:

(C) Special Subsidy To Entrepreneurs Belonging To scheduled Casts, Scheduled Tribes, Women and Ex-Servicemen:

(D) Special Subsidy To Pioneering Industries:

(E) Sales Tax Exemption:

(F) Concessions in Power Supply:

After the withdrawal of the above mentioned subsidy schemes, all that the District Industries Center is left with are some concessions in the allotment of land in identified industrial estates, some Entrepreneurship Development Programs, Rebate in Power Tariff and the Authority to sponsor prospective entrepreneurs for sanctioning of bank loans. The core of its authority has been abridged. Grant of subsidies to promote industrial development has provoked a controversial response in the entire Uttrakhand region and not in the Garhwal Mandal alone. For some, subsidy is an evil and such schemes should never have been launched in the first place. For others, subsidy is the key for generating opportunity in the secondary sector in this region. Those who oppose subsidy generally belong to a neutral group that neither consists of entrepreneurs nor of financial institutions. These are generally members of an intellectual
community. However, this is not an absolute and thick line of distinction. Entrepreneurs were found to be in favour of subsidization. In fact not even a single entrepreneur opposed subsidies during discussions. Almost all of them were unanimous that subsidies must be started once again. G.N. Semwal, an officer in the Khadi Board posted at Pauri, remarked that there should be no subsidies in Garhwal. Only loans should be given at concessional interest rates. This is because subsidies create an artificial environment of industrial growth against the natural potential of this region. There appears to be an element of truth in this argument of Mr. Semwal. The number of new units registered with the District Industries Centers has fallen drastically during the years 1994-95 in comparison with 1993-94 and 1992-93. In district Tehri Garhwal, the number of units registered with the D.I.C. in 1993-94 was 235 as against a mere 76 units in 1994-95. Similarly, the number of newly registered units in 1993-94 was 498 against merely 88 units in 1994-95. Withdrawal of subsidies was cited as the most important reason for this phenomenon. However, the ongoing agitation for a separate Hill State of Uttrakhand and controversial environment protection measures were cited as other reasons due to which this region had become unattractive for investment in industrial ventures.

Many of the units established during the subsidy period of 1990-1995 were short lived. As soon as the subsidy exemptions

14. Data has been provided by the District Industries Center Tehri Garhwal.

15. Data has been provided by the district Industries Center Dehradun.
were withdrawn. These units were forced to close down. This is because the cost of production goes up as soon as the exemptions are withdrawn and it becomes impossible to sell your product at the price at which it was being sold previously. The case of M/s Seersole Chemicals may be cited in this regard. Seersole Chemicals is a unit manufacturing Calcium Powder in the Sela Qui Industrial Area of Dehradun. Its sales were booming when it enjoyed Sales Tax exemption because it could afford to sell Calcium Powder cheaper than other units. But as soon as this exemption was withdrawn at the end of the 5 year term, the unit was forced to close down since it could no longer compete with newer units enjoying the same subsidy provisions. Its clients switched over to other units in the Ponta Sahib industrial Area of Himachal Pradesh Government since the distance between Dehradun and Ponta Sahib is merely 60 Kilometers. These new units enjoy Sales Tax exemption granted by the Himachal Pradesh State Government. This is a major problem encountered but every unit in this entire region where subsidy appears to be a necessary caliper to sustain industrial units.

Entrepreneurs therefore strongly stress the importance of subsidy and argue for its continuation to sustain the industrial development of this area. As one industrialist forcefully argued, "Why should I come here at all? Only when I am sure that I can set-up my unit here in lesser cost than in Delhi, Haryana or in other parts of U.P. I will come here only when I can borrow 20 Lakhs and return 20 percent less Otherwise, this area has no charm for me." On one hand, subsidy appears to be a stale concept in this era of economic liberalization. On the other, it seems
essential for the industrial development of this area. in view of the limited options in agriculture.

3. Self Employment Programs

(A) Self Employment Program For Educated Unemployed Youth:

This scheme was declared by the Central Government on 15th August 1983. Under this scheme educated youth are helped to gain self-employment in industry, services or trade. It is functional in District with a total population of less than 10 Lakhs. Therefore, this scheme does not cover District Dehradun. Youth in the age group of 18-35 are covered in this program. The applicant must have cleared High School. The total income of his/her family must not exceed rs.10000 and the applicant must be unemployed. Applicants are selected by a District level task force. Thirty percent of the beneficiaries must be from backward classes. Women and youth with technical qualifications from I.T.Is are exempt from the lottery selection method. A total credit of rs.10000 for trade, rs.25000 for services, and rs.35000 for industry is provided. The credit is provided by commercial banks and no guarantee or security may be required for obtaining loans under this scheme. A subsidy of 25 percent on loaned amount is deposited in bank account of the entrepreneur. The rate of interest is 10 percent and the repayment of loans may be made between 3 to 7 years. This program has been discontinued from 1994-95 and its place has been taken by the Pradhan Mantri Rojgar Yojana or P.R.Y."

During 1989-90 38 persons benefited under this scheme in District Uttar Kashi and 7 in Pauri Garhwal. The response to this program has been very poor. The reasons for this are the following. The scheme requires the furnishing of a large number of documentary evidence to support income and unemployment status. The sum given as loan is very low since the project cost envisaged by the Government is very low. It is not practicable to set up an industry or trade with 10 to 35 thousand rupees for a person whose family income is below 10 thousand per year.

(B) Pradhan Mantri Rojgar Yojana: The Pradhanmantri Rojgar Yojana or P.R.Y. was officially launched on the 2nd of August 1993 with the objective of providing self-employment to 1 million educated unemployed youth. During the year 1993 only the urban areas of Uttar Pradesh were covered under P.R.Y. but since 1994, this program is covering the entire state including the Garhwal Mandal. The Self-employment Program for Educated Unemployed Youth was merged into the P.R.Y. from 1993. Eligibility conditions for obtaining benefits under P.R.Y. are the following:

1. The applicant must be in the age group of 18 to 35 years.

2. He should have passed or failed the High School Examination. Or must have qualified from an Industrial Training Institute or completed a 6 month Government sponsored/recognized technical course.

3. The applicant must furnish documentary evidence of his

17. Data has been obtained from the lead bank department.

18. these remarks have been recorded by the lead bank officers in their annual credit plans for the districts.
domicile in the District for at least 3 years. A Ration Card is acceptable as proof of domicile.

4. The family income of the applicant from all sources of income including salary, labour, pension, trade, agriculture, rent, should not exceed Rupees 24000 per annum. Family for this purpose includes husband, wife, father and mother.

5. The applicant must not be a defaulter of any financial institution.

The applicant may submit completed application forms in the District Industries Centers or banks. 22.5 percent of loans are reserved for Scheduled Cast and Tribes and another 27 percent for Other Backward Classes.

Projects up to the maximum investment limit of Rs.1 Lakh per applicant shall be approved under the P.R.Y. Proposals of higher project cost may also be accepted provided that two or more applicants from a joint family or Hindu Undivided Family apply together. Provided further that the share of each applicant under such a proposal should not exceed Rupees 1 Lakh. Five percent of the project cost must be borne by the applicant himself. The remaining 95 percent will be given as credit by commercial banks. Interest rate for repayment of loans under P.R.Y. shall be regulated by the guidelines issued from time to time by the Reserve Bank Of India. Although no parallel guarantees are required under P.R.Y., the capital earned under the P.R.Y. scheme shall be under mortgage with the bank until the entire loan together with interest is returned. [The Government Of India shall pay a subsidy of 15 percent of the project cost per applicant and the maximum subsidy paid shall be Rupees 7500 per
applicant. If the project is shared by more than 1 applicant, 7500 Rupees per applicant will be paid as subsidy. The repayment of loans will commence after a moratorium of 6 to 18 months depending upon the decision of the creditor bank. For this purpose, installments may be spread over a period of 3 to 7 years.

After an application for loan under P.R.Y. has been accepted, each applicant must undergo a training for 20 days. This training is compulsory. A stipend of 300 Rupees is payable during training.19

During the year 1993-94 a target of 120 project approvals was fixed in the Garhwal Mandal. The number of applications received was 795. Out of these 417 applications were forwarded to the banks. The banks ultimately approved 123 applications with a total approved project cost of 65.66 Lakh rupees. Out of these 123 applications were approved by commercial banks, 94 projects with a total project cost of 53.36 Lakh Rupees was disbursed.20

For 1994-95, a target of 588 projects was fixed. The number of applications received was 1646. Out of which 743 applications were forwarded to the banks. Out of these merely 108 applications were finally approved by banks with a total project cost of 59.80 lakh rupees. Finally, 68 projects operationalized directly by commercial banks with a disbursement of 37.5 Lakh


rupees.\textsuperscript{21}

\textbf{4. Special Plans For Industrial Development Of Hill Areas}

The Directorate recognizes that the hill area of Uttar Pradesh is extremely backward from the economic point of view. Most of the land is useless for agriculture and such land may only be found in the valley floor areas of Tarai. Villages are located far away from each other and the density of population in villages is very less in comparison with plains. In view of the excessive dependence of the people on agriculture the directorate of industries has launched certain schemes especially for the hill areas to eradicate its economic backwardness through industrial development.\textsuperscript{22}

\textbf{Industrial Co-operative Societies (Nontextile Registered Co-operative societies are provided with the following facilities:}

\textbf{(A) Margin Money Loan:} Every member of a registered co-operative society is eligible to get a Margin Money Loan up to 75 percent of the amount he borrows. The remaining 25 percent of cost is to be borne by the individual himself. Under this scheme, a handicraft cooperative society is eligible to get a maximum loan of Rupees 10000 and others are eligible for 20000 rupees. A total sum of 2.80 Lakh Rupees was approved by the Uttar Pradesh Government under the scheme in 1992-93. Against which 2.70 Lakh Rupees were disbursed. A total of 22 Cooperative societies were benefitted from this scheme during the year. In 1993-94, a

\begin{itemize}
  \item \textsuperscript{21} ibid.
  \item \textsuperscript{22} Ibid. p.45.
\end{itemize}
provision of 2.80 Lakhs was made but nothing could be spent since the Government did not release this money.\textsuperscript{23}

(B) Managerial Assistance: the Government provides financial assistance in order to bear the salary of the secretary of a registered cooperative society. For this purpose, Rupees 5400 are provided for the first year of registration, rs.3600 for the second and rs.1800 for the third year of registration per society. A provision of 2.80 Lakh Rupees was made by the Government in 1992-93 for 23 societies. Out of which only 29000 Rupees could be utilized for 22 societies. For 1993-94, a provision of 1.74 Lakhs was made for 23 societies. Against which 1.29 Lakh Rupees were utilized for 32 societies.

(C) Margin Money Loan For Cooperative Societies of Weaker Sections: A Margin Money Loan of up to 90 percent of the sum borrowed by each member of a registered cooperative society formed by Harijans and Weaker Sections is provided. This loan is interest free. The remaining 10 percent of loan must be borne by the members from their own resources. A provision of 3 Lakh Rupees was made in 1992-93 which was utilized. Seventeen societies benefited against a target of 22. For 1993-94 a provision of 3 Lakh Rupees was made once again. But the Government did not approve the expenditure hence it could not be utilized.

(D) Training Through Master Craftsman: In order to raise the income of persons practicing traditional handicraft, a scheme to provide them with professional training at the hands of a master craftsman has been launched. For this purpose, a Handicraft

\textsuperscript{23} Ibid. p.46.
center each is set up at Dehradun and Uttar Kashi. At least 10 trainees are trained at one center. A stipend of rupees 100 per month is paid to each trainee. The master craftsman is paid an honorarium of Rupees 500 per month and his Junior Craftsman is paid a consolatory allowance of 400 Rupees per month. A provision of 54000 Rupees was made in 1992-93 against which Rupees 35000 were utilized and training was provided to 23 persons. In 1993-94 a provision for 90000 Rupees was made against which 72000 Rupees were utilized to train 47 persons.

(E) Raw Material And Commercial Activities: The Directorate of Industries has set up centers in all 8 Districts of U.P. Hills to provide raw material to trainees passing out of the Training centers. The newly trained craftsman is provided raw material from Depots at subsidized rates. The finished goods prepared thus are purchase by the Marketing centers set up by the Directorate for the purpose. Provision of rs.15 Lakh was made for this scheme in 1992-93 against which a sum of Rupees 1242600 was utilized for the benefit of 159 persons. In 1993-94 a sum of Rupees 15 Lakh was spent for the benefit of 183 persons.24

(F) Program For the Uplifting of Scheduled Casts And Scheduled Tribes through Industrialization: This scheme is being implemented in all 8 hill districts of the Garhwal and Kumaun Mandal. This is a special program to encourage the wool related production traditionally practiced by the Scheduled casts and tribes of the hill region. This is a multi-faceted scheme encompassing the provision of training, provision of raw material such as wool, thread, colours and dyes. Finally, Finished goods

24. Ibid. 46.
are prepared according to the specifications given and the products are purchased through Government marketing centers. During 1992-93 a sum of 5 Lakh Rupees was provided against which a total of 55000 was utilized. No amount has been provided for the year 1993-94.

(G) The directorate organizes trade fairs and exhibitions of the products prepared in the hill areas to encourage their sale. A total of 2.21 Lakh Rupees were spent to organize 31 fairs and exhibitions in 1992-93. In 1993-94 37 fairs and exhibitions were organized with a total cost of 2.25 Lakh rupees.  

(G) Integrated Margin Money Plan: Under this plan, those in small and tiny sector industrial units are benefitted for whom a loan has been sanctioned by any financial institution. If this eligibility condition is met, such a unit is provided with a margin money loan of 10 percent of the total project cost or Rupees 3 Lakh, whichever is less. The unit, in order to be eligible, must bear at least 10 percent of the project cost from its own resources. For member of Scheduled Cast and Tribe community, a loan of 15 percent of total project cost is payable. A provision of 56 Lakh Rupees was made for this purpose in 1992-93 against which Rupees 47.57 Lakhs was spent. A total of 30 persons benefited under the scheme. In 1993-94, a sum of 56 Lakhs was allocated and a target of 48 units was fixed. Since the Government did not permit expenditure, no progress could be made since then.  

(H) The All-India Handicrafts Weeks are celebrated every

25. Ibid.

26. ibid. 47.
year between 8 September and 15th December to encourage the traditional handicrafts of the hill region. A discount of 5 percent is given on products purchased during this week with a view to encourage the sale of traditional handicrafts. During 1992-93 and 1993-94 a sum of 8000 Rupees was utilized for the celebration of 8 weeks.

(I) Ringal Centers: Ringal is a variety of Lakh which is used for weaving mats and basket in the hills for a long time. A center in Chamoli has been set up to encourage this trade. This center is equipped to train 10 trainees at a time. A stipend of 40 Rupees per month is paid during training. The training period is 1 year. A sum of rs.2.70 Lakhs and 2.59 Lakh Rupees was spent under this scheme in 1992-93 and 1993-94.

(J) Papari Woodcraft Centers: Papari is a variety of wood available in the hill forests traditionally used to make attractive models of Kedarnath temple, Badrnath temple, Gangotri temple, toys etc. To encourage this trade centers have been set up at Tehri, Chamoli, Uttar Kashi, Kotdwar Pauri. A 1 year training is provided under this program and a monthly stipend of 60 Rupees is paid. After completing training, the craftsman is given a loan from nationalized banks for setting up an industrial unit. A sum of rs.6.55 Lakhs and 6.87 Lakh Rupees was spent under this scheme in 1992-3 and 1993-94.27

Apart from these centers, a modern center for training woodcarver by employing modern techniques and machines has also been set up at Uttar Kashi. Separate centers have also been set up in Notified Tribal Areas of Chakrata and Kalsi. These are

27Ibid. p.49.
called Woodcarving, Turning and Cluster Centers. Embroidery, Weaving and Sweater Knitting centers have been set up at Chakrata and Kalsi. A sewing and Embroidery production center each is also functioning in Chakrata and Kalsi. A wood carving center is also functional at Mussoorie. A stone carving training center is functioning at Chamoli to train craftsmen in making models from Khariya and other tender stones.
Uttar Pradesh Khadi And Village Industries Board

Composition Of the Khadi Board: The Uttar Pradesh Khadi Board was created under the Uttar Pradesh Khadi And Village Industries Act of 1960 as an advisory Board to assist in the development of the Khadi Gramudyog sector in the State. This Act was further amended in 1964 in order to empower this Board to implement Khadi and Village Industry projects in the State. Under this Amendment, the Khadi Board attained the status of an autonomous body. In April 1967, all Khadi and Village Industry related projects were transferred from the Directorate of Industries to the Khadi Board.

The Board consists of 5 Governmental and 7 nongovernmental members. Since 1984, The Minister for Small and Village Industries for Uttar Pradesh is nominated the ex-officio Chairman of the Board. One of the nominated members of the Board is appointed as the fulltime deputy chairman. The following members are included among the Governmental members of the Board:

1. Director of Industries, Uttar Pradesh or his nominated representative.

2. Secretary (Finance) U.P. Government or his nominated representative.

3. Secretary (Rural Development) U.P., or his nominated representative.

4. Secretary (Village, Cottage and Silk Industries) or his representative.


The avowed objective of the Board is to establish village and Khadi industries thereby creating employment in the small investment area and to strengthen the village economy.

The administrative set up of the Board is such that the Head Office for U.P. is headed by a Chief Executive Officer and his deputies who are responsible for administration and implementation of projects. Regional offices have been set up to keep a control upon District level functionaries. At the Divisional or Mandal level, the Board has set up training centers headed by Principals and other staff to provide technical assistance to the entrepreneur. The District office is headed by the Manager Village Industries and assisted by District Gramudyog Adhikari.

**Pattern Of Financial Assistance:** The Board is eligible to invest or finance 7 categories of industries according to the definition set by the Khadi And Village Industries Commission. These are:

1. Agriculture Based Industries: Khadi, Honey Bees, Oil Mills, Jagree And Sugar, herbs, processing of grains, pulses and fruits.


4. Polymer and Chemical industry: Inedible oils, soap, Rubber industry, ivory etc.

5. Mechanical and Alternative Energy: Iron smithy, utensils
of copper, brass etc.

6. Textile industry: sewing of polytextiles, Hosiery etc.

7. Service industry: Beautician, Barber, laundry, plumbing, electrical appliances, audio cassette assembly, repair of diesel engines.

For the purpose of giving loans, a village industry or a Gramudyog is defined as an industry which is located in a rural area and which consumes or does not consume electricity to provide service or production. It is an industry with a minimum investment of Rs.15000 per person. A rural area is a village or semi-urban area which has a Gramsabha and has a population of less than 10000.30

The selection of entrepreneurs is made by a selection committee consisting of a regional executive officer, block development officer, Tahseeldar, Pargana Adhikari, Lead Bank representative, Grampradhan, District rural development officer. This committee is equipped to sanction loans for a maximum amount of Rs.1 Lakh. Loans above 1 Lakh are sanctioned by the Head Office but applications in any case are forwarded through the District level officers.

The Khadi Board provides credit to individual entrepreneurs, industrial cooperative societies and voluntary agencies registered under the Societies Registration Act of 1860. Individual entrepreneur are provided credit for a maximum of Rs.10 Lakh rupees. As said above, loans below Rs.1 Lakh are

sanctioned by the district level selection committee. Loans above Rs.1 Lakh are approved by the Khadi Board head office at Lucknow or by the Khadi Commission at Bombay. This will be done on the basis of project report submitted by the entrepreneur. The applicant will have to dispatch his project report together with the filled Proforma of the Board through the district office. Industrial cooperative societies may register themselves with the Khadi Board by applying to the District Gramudyog Adhikari.

A margin money of 25 percent shall be payable on loans up to Rupees 10 Lakh. On loans falling between 10-25 Lakh rupees, this subsidy shall be 10 percent. The interest rate for village industries shall be 15 percent and for Khadi industries the interest rate shall be 4 percent. Margin money shall be paid to the applicant as an interest free loan and after the payment of all installments, together with interest, the margin money and the amount shall be merged. Repayment of loans will have to be completed within 7 years. Working capital loans must be paid back within 3 years. Repayment of loans shall commence at the end of the second year from the date of disbursement of loan. Loans up to the value of 4000 Rupees are disbursed on the personal security of the borrower. A bond from two guarantors is required for loans up to the value of 30000.

Other Facilities Provided By The Khadi Board:
1. Societies financed by the Khadi Board are exempted from sales tax.
2. The Board assists rural entrepreneur in procuring water and electricity permits through a district level committee constituted for the purpose.
3. Twenty percent plots in industrial estates are reserved for khadi and village industries.

4. Registered societies financed by the Khadi Board are provided loans at a simple interest rate of 4 percent. The remainder of the interest is paid by the Board directly to the bank.

5. Individual borrowers are exempt from the payment of stamp fee on loans up to rs.4000. A stamp fee of 67.50 Rupees per thousand of loaned amount is charged over and above rs.4000. Societies are however exempted from the payment of stamp fee.

6. In most cases, local raw material is used. But in case Government controlled raw material is required (such as leesa and other tender wood, tree gum etc) the Board forwards the appraised requirements of the financed unit/society to the relevant Government Department for provision of such raw material on priority.

7. The Khadi Board organizes exhibitions of finished products to encourage sales.

8. A quality control laboratory has been set up at lucknow and entrepreneur are encouraged to get their products evaluated for quality lapses.

9. Khadi and Gramudyog products are purchased by Government and semi-Government Departments on priority.

10. Interest subsidization to individual entrepreneurs: Individual entrepreneurs may obtain credit for a maximum value of rs.2 Lakh from commercial nationalized banks at a subsidized interest rate of 4 percent. The remaining interest will be paid by the State Government under the District Sector Plan. An
application for this purpose must be sent formally through the Jila Gramudyog Adhikari to the concerned bank.31

11. The Wool Bank Project which is functional in the hill areas of Uttar Pradesh is a novel program for the weaker sections of this area. Under this project, weavers and knitters are provided wool from wholesales depots for production of shawls, sweaters and other women wear. For this purpose, wool is purchased by the Wool Bank and supplied to cooperative societies at cost price. Some training, production and research centers are also functional in this area to look after different aspects of this trade such as dying, weaving, knitting, procuring of modern designing and knitting machines etc.

12. A New Model Charkha Project is also functioning under which 1000 New Model Charkhas are provided to women of weaker sections in each District enabling them to earn between 20 to 30 Rupeesper day.

**Establishment Of Khadi And Village Industries In Garhwal**

The Table below show the progress made in the establishment of Khadi and Village Industries in the Garhwal Mandal.

Table 5.6

**Number Of Working Khadi And Village Industries In Garhwal**

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(1990-91)

<table>
<thead>
<tr>
<th>District</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Kashi</td>
<td>1237</td>
</tr>
<tr>
<td>Pauri Garhwal</td>
<td>227</td>
</tr>
<tr>
<td>Chamoli</td>
<td>1154</td>
</tr>
<tr>
<td>Tehri</td>
<td>67</td>
</tr>
<tr>
<td>Dehradun</td>
<td>2361</td>
</tr>
<tr>
<td>Garhwal Mandal</td>
<td>5046</td>
</tr>
</tbody>
</table>

Source: Information is collected from the Khadi Board Regional Office.

_Uttar Pradesh Finance Corporation_

The Uttar Pradesh Finance Corporation U.P.F.C. was created under the State Finance Corporation Act of 1951 and was formally established in 1954. The primary objective of the Corporation is to provide Term Loans to Medium, Small and Cottage Industries in the State of Uttar Pradesh. It can give loans for the establishment of new units or for the modernization, expansion of existing units or for the purchase of plant and machinery. U.P.F.C. provides loans against the Activitable Mortgage of the fixed capital of a unit. The corporation can sanction Term Loans to proprietorship firms, partnership firms, private or public limited companies and Registered industrial cooperative societies. Proprietorship/Partnership firms are entitled to Term loans with a maximum limit of rs.90 Lakhs. Limited Companies and cooperative societies are entitled for loans up to a maximum
limit of 150 Lakh rupees. The Corporation functions with the help of 21 regional offices and branches. Two branches of U.P.F.C. are functioning in Garhwal Mandal at Dehradun and Shrinagar. The fiscal policy of this Corporation is linked to the guidelines issued by the Central and State Governments and those of the Industrial Development Bank of India from time to time.

The corporation provides the following facilities for industrial development in Garhwal Mandal:

1. The corporation sanctions Term Loans to industries with a paid up capital and free reserve of up to 3 Crore Rupees for registration and stamp fees, purchase of land, construction of building and shed, consultancy fee etc.

2. The corporation also sanctions term loans for working capital under the single window plan.

3. In case of industries with a total project cost of 5 Crore rupees, the Corporation sanctions term loans jointly in conjunction of P.I.C.U.P. and Scheduled Banks.

4. The Corporation sanctions hundred percent finance to cottage industries whose total requirement is up to Rupees 50000 only. In order to be eligible for this category of finance, the unit must be established in a rural or semi-urban cluster area whose population is below 5 Lakh according to the 1971 Census. This restriction however does not apply on artisans.

5. The Corporation provides a Composite loan for the purchase of handlooms and other requirements to establish a weavers unit.

6. Provides a term loan for drivers in order to enable them to purchase their own tourist coach, truck, taxi or tanker.
7. Provides term loans under the Self-employment Scheme for Ex-servicemen to war widows, ex-servicemen and disabled ex-servicemen. The project cost of such units should not exceed 15 Lakh rupees.

8. Units established or managed by women entrepreneurs are sanctioned loans on relaxed terms. For such units the ratio of loan to capital is 3 to 1. Women entrepreneurs are also provided with a 15 percent seed loan on projects with a total cost of 10 Lakh rupees. This Seed Loan is refinanced through the Industrial Development Bank Of India.

9. The Corporation provides a loan of up to 750000 Rupees for quality control and improvement.

10. Provides financial assistance to units working for more than 5 years for raising the capacity of production, reduce production cost and capacity utilization.

11. The corporation provides a refinance loan of a maximum of 150 Lakh Rupees to units operational for at least 4 years for purchase of new machinery, expansion etc. The unit to be eligible for such a loan must be of a sound financial status and must be earning profit for the last two years.

12. The corporation provides assistance for marketing the products of village, small and cottage industries.

13. The corporation provides assistance for establishing new showrooms and marketing centers whose total project cost is rs.25 Lakhs. Such scheme are provided with a loan of 75 percent of project cost.

14. A loan of up to 90 Lakh Rupees is provided for the generation of tourist related facilities such as hotels, motels,
entertainment parks, restaurants, conference rooms, community halls and travel agencies.

15. A loan of up to 90 Lakh Rupees is given to experienced contractors for the purchase of equipment essential for the construction and maintenance of roads.

It was found during this research that the most successful of the schemes in the Garhwal Mandal has been scheme no. 14 under which a loan of up to 90 Lakhs is given for generating tourism related facilities. Other schemes of the U.P.F.C. within Garhwal Mandal have not yielded good results in comparison with scheme number 14. The distribution of Term Loans given by the U.P.,F.C. in the Garhwal Mandal is being shown below:
Table 5.7

Distribution of Term Loans (Sanctioned And Disbursed)
During Financial Year 1989-90, 1990-91 and Since Inception
(Rupees In Lakhs)

District Chamoli

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>4</td>
<td>4.76</td>
<td>5.52</td>
</tr>
<tr>
<td>1990-91</td>
<td>2</td>
<td>19.78</td>
<td>38.64</td>
</tr>
<tr>
<td>Since Inception</td>
<td>46</td>
<td>97.17</td>
<td>93.39</td>
</tr>
</tbody>
</table>

District Pauri Garhwal

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>12</td>
<td>33.77</td>
<td>75.06</td>
</tr>
<tr>
<td>1990-91</td>
<td>16</td>
<td>111.13</td>
<td>41.57</td>
</tr>
<tr>
<td>Since Inception</td>
<td>140</td>
<td>532.86</td>
<td>422.71</td>
</tr>
</tbody>
</table>
### District Uttar Kashi

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>1</td>
<td>7.50</td>
<td>26.38</td>
</tr>
<tr>
<td>1990-91</td>
<td>2</td>
<td>16.10</td>
<td>7.23</td>
</tr>
<tr>
<td>Since Inception</td>
<td>25</td>
<td>107.56</td>
<td>87.95</td>
</tr>
</tbody>
</table>

### District Dehradun

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>93</td>
<td>369.05</td>
<td>616.79</td>
</tr>
<tr>
<td>1990-91</td>
<td>34</td>
<td>280.90</td>
<td>264.52</td>
</tr>
<tr>
<td>Since Inception</td>
<td>1051</td>
<td>5173.25</td>
<td>4909.61</td>
</tr>
</tbody>
</table>

### District Tehri Garhwal

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanction</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>12</td>
<td>33.18</td>
<td>101.57</td>
</tr>
<tr>
<td>1990-91</td>
<td>9</td>
<td>47.77</td>
<td>28.66</td>
</tr>
<tr>
<td>Since Inception</td>
<td>122</td>
<td>768.18</td>
<td>688.10</td>
</tr>
</tbody>
</table>
### Table 5.7
Distribution Of Term Loan To Small Scale Industry Sector

#### District Chamoli

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>1</td>
<td>0.26</td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Since Inception</td>
<td>29</td>
<td></td>
<td>25.0625.96</td>
</tr>
</tbody>
</table>

#### District Pauri Garhwal

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>11</td>
<td>23.47</td>
<td>25.44</td>
</tr>
<tr>
<td>1990-91</td>
<td>14</td>
<td>96.13</td>
<td>33.95</td>
</tr>
<tr>
<td>Since Inception</td>
<td>125</td>
<td>313.86</td>
<td>259.11</td>
</tr>
</tbody>
</table>
## District Tehri Garhwal

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>5</td>
<td>13.26</td>
<td>60.68</td>
</tr>
<tr>
<td>1990-91</td>
<td>9</td>
<td>47.77</td>
<td>12.21</td>
</tr>
<tr>
<td>Since Inception</td>
<td>83</td>
<td>480.82</td>
<td>394.74</td>
</tr>
</tbody>
</table>

## District Uttar Kashi

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>1</td>
<td>7.50</td>
<td>26.38</td>
</tr>
<tr>
<td>1990-91</td>
<td>--</td>
<td>--</td>
<td>5.04</td>
</tr>
<tr>
<td>Since Inception</td>
<td>15</td>
<td>57.47</td>
<td>51.76</td>
</tr>
</tbody>
</table>

## District Dehradun

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Amount Sanctioned</th>
<th>Amount Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>74</td>
<td>235.14</td>
<td>384.55</td>
</tr>
<tr>
<td>1990-91</td>
<td>22</td>
<td>169.89</td>
<td>152.98</td>
</tr>
<tr>
<td>Since Inception</td>
<td>891</td>
<td>3298.56</td>
<td>2993.72</td>
</tr>
</tbody>
</table>

Source: Uttar Pradesh Finance Corporation